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SENSITIVE
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STATE PASS TO USAID FOR AID/ANE, AID/DCHA/DG
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SUBJECT: ATMAR LEADS DONORS TO FUNDING DECISIONS ON ANP

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¶1. (SBU) Summary. On November 18, in Minister Atmar's first LOTFA Steering Committee meeting, he steered the group to decisions to fund an increase to ANP salaries, initiate a pilot project to test incentive pay in targeted medium- and high-threat ANP districts, reach a settlement on how to handle deceased and disabled ANP whose pensions continue to be paid as salaries by LOTFA, and examine how to handle the LOTFA food allowance that is due to expire during the next GIROA fiscal year. In conducting the meeting, Atmar was delicate when appropriate, but more decisive when it became necessary. In all cases, his priorities aligned with those of the U.S., a positive sign for future cooperation. End summary.

Background

¶2. (U) The Law and Order Trust Fund for Afghanistan (LOTFA) was created in May 2002 as a means of collecting contributions from international donors to pay police salaries and other remuneration. It stands apart from the GIROA central budget, but donors are in the process of coordinating future funding with the Ministry of Finance (MOF) so that it can incorporate donor-sponsored programs into its budget forecasting for out-years. There are two primary LOTFA bodies, the Steering Committee (SC) chaired by the Minister of Interior and composed of donors and police policy-focused international organizations such as the European Police Mission (EUPOL) and the United Nations Assistance Mission in Afghanistan (UNAMA), and a LOTFA Donors Working Group for informal coordination and preparation for SC meetings. The last SC meeting was in February 2008.

Atmar Takes Charge

¶3. (U) MOI Minister Mohammad Hanif Atmar co-chaired the LOTFA SC meeting with UNAMA's Deputy Special Representative Bo Asplund. After noting that he "suffers from a crisis of expectations" due to the high hopes that others have placed on him, Atmar assured donors that the change in administration at MOI would not only honor previous consensus agreements but also accelerate reforms. The first challenge would be fighting corruption and establishing a system of transparency and accountability, one that includes merit-based appointments.

14. (SBU) The most awkward (and enlightening) moment came right in the beginning when Atmar began to review the Minutes of the last Steering Committee meeting. He asked Deputy Minister Mohammad Haider Basir, a holdover from the Zarar era, to provide a status report on implementation of rank reform, a report requested of MOI at the February meeting. Basir admitted after some hesitation that rank reform had gone nowhere because officers wouldn't accept it. Atmar then clarified that 4,000 officers had in fact accepted NCO rank positions, and 248 were separated. (Note. Nonetheless, all rank reformed ANP officers selected for retirement or separation remain on the payroll. End note). CSTC-A MG Robert Cone said that, frankly, the rank reform timeline was embarrassing. The process had gone much too slowly, and it needed to be concluded as soon as possible. Atmar said he would consult with CSTC-A and EUPOL and get back to the group.

ANP Salary Increase

15. (U) The first issue for discussion and decision was a proposal to increase ANP salaries by \$20 to match an ANA increase. The LOTFA Donors Working Group had discussed the issue at length without coming to a conclusion. Deputy Minister of Finance Waheedullah Shahrani offered that the Cabinet had already agreed to the salary increase with the understanding that the USG would fund the first year increase in addition to its other LOTFA commitments. Atmar acknowledged the concerns of some LOTFA members regarding the long-term sustainability of increased ANP costs but strongly stated that security had to be the number one priority for the GIROA because without it, "there would be no state to sustain." Invoking the London Compact, he said that the State would not be able to support itself for many years to come, and suggested sustainability

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must take place at a more strategic level. He said that pay parity with the ANA was absolutely essential and that the ANP should not be singled out to make a point on fiscal sustainability. Ultimately, the decision was made to approve the \$20 salary increase effective the first of next month.

Incentive Pay

16. (U) The next proposal suggested creation of a 6-month pilot program to provide incentive pay to ANP who serve in medium- and high-threat FDD districts and meet other specific criteria. This initiative parallels the ANA's \$2 per day combat pay allowance and is another means of maintaining pay parity between the two. The pilot program hopes to facilitate recruitment, assist with retention, reduce absenteeism, encourage deployment of recruits nationally, and assist in completing the process of rank reform, while at the same time ensuring that sufficient controls are in place to prevent corruption and diversion of ANP remuneration. However, only ANP who meet all of the following criteria would qualify for incentive pay: 1) physically working in designated medium- and high-threat districts (as identified by Voter Registration Threat Assessment), 2) must be rank reformed and serving in Tashkil-authorized positions, 3) must have ID badges and be enrolled in the Electronic Payroll System (EPS), and 4) must have completed FDD training. At the moment, districts in 13 high-threat provinces (most in the south and east) and 4 provinces considered medium-threat would qualify for this benefit. The estimated cost for the 6-month pilot program is \$6 to \$8 million. The U.S. (through CSTC-A) offered to cover costs for the pilot program, but still asked for International Community (IC) contributions.

17. (U) Minister Atmar stated that both the MOI and the Cabinet fully supported the proposal and appreciated the offer of U.S. funding. After a short conversation the proposal was approved.

Martyrs Pay

¶18. (U) Under the current 1387 Tashkil and in previous years, ANP killed or permanently disabled in the line of duty remained on the payroll and their families accrued the benefit under a specific Presidential decree. Atmar's Martyrs Salary Regularization proposal, as approved by the Cabinet, would essentially move those costs out of LOTFA and into the central government's pension plan, while freeing up the 3,000 slots held by deceased ANP to bring in new recruits. The Minister made it clear that this would not address the problem of "ghost" police who remain on the rolls but do no work, which he said was his responsibility to ferret out and fix. Two complications are that the number of killed in action continues to grow, and the number of permanently disabled is unknown.

¶19. (U) After further discussion and clarification of the various elements of the proposal, the group decided that LOTFA would pay the "salaries" of deceased ANP, as calculated at the end of the current Tashkil, through the next fiscal year ending March 2010, after which the GIROA would pick up those costs under its pension scheme. The estimated cost of covering "martyrs pay" for 3,000 deceased ANP for one year is \$5.2 million. Unfortunately, by March 2009 that number will be significantly higher. In addition, over the last 3 months of the current fiscal year the MOI will review those ANP considered wounded or disabled, and those found to be unfit to serve will be offered pensions paid for by the MOF in the 1388 Tashkil.

Food Allowance

¶10. (U) Under LOTFA, each ANP gets a food allowance of 100 Afghanis per day (\$2.00), but the LOTFA Project Document stipulates that the allowance should be phased out during Tashkil fiscal year 1388. MOI argued that with the increase in the cost of living, especially regarding basic food commodities, the current allowance is not sufficient to feed the average ANP and does not provide the required caloric intake. Additionally, the ANA currently gets 120 Afghanis per day. The MOI proposed that the food allowance be increased

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immediately to 159 Afghanis (\$3.18) through the end of the current fiscal year, at which point the situation would be reassessed. In the meeting, Gen. Bashir said the total cost through the rest of this fiscal year would be \$5 million (Note. The actual cost at 82,000 ANP for the final 4 months of this fiscal year would be almost \$12 million. End note).

¶11. (U) The MOF said it could not pick up the cost of increasing the food allowance. Since there was some urgency to reach a decision and the larger Steering Committee could not do so, the group charged a sub-group of the LOTFA Donors Working Group to come up with a proposal within one month.

Other Business

¶12. (U) In other business, the SC decided unanimously to invite the International Police Coordination Board (IPCB) to join the SC, albeit without voting authority on matters of substance. Because the meeting had gone on for almost 3 hours, the group decided to waive a presentation on LOTFA's financial status and accomplishments. Those charts show that the police remuneration account faces a shortfall of more than \$18 million for the fiscal year ending March 2009 (budget of \$189.2 million vs. pledges of \$171.1 million). The largest pledges for the current year are from the U.S. (\$50 million), Canada (\$19.8 million), and Germany and the Netherlands (each at \$13.9 million). Of note, the EC, which has pledged \$10.4 million for the current year, has a carryover of \$43.5 million from previous years that has not been spent due to conditionalities placed on those funds by the donor.

¶13. (SBU) Comment. The LOTFA SC was a good measure of Minister Atmar's political acumen. He began the meeting by walking around the room and shaking everyone's hand. He then expressed his appreciation for the contributions of the donors, adding that he

would expect much more to come. He also made a point of honoring the memory of those ANP who had died or been disabled while serving their country, an issue that may be close to his heart due to his own disability (Atmar lost a leg in fighting during the Soviet occupation). At one point, the EC representative made a series of negative comments, stating there was no guarantee of another 2-year LOTFA agreement (the current one expires August 2010), no guarantee of future IC funding for police salaries, and that all new requirements for funding should be viewed in light of Afghan "sustainability." Atmar provided a strong response - the London Compact assumed that the State would not be able to support itself for years to come and that international partners would have to provide such support; we need a strong ANP to be able to increase national revenue; it was unfair to single out the ANP for a test of fiscal sustainability; and that if the decision is left to the GIROA, whether police salaries are paid out of LOTFA or the central Afghan budget, "hard decisions will be made in favor of security." When Atmar asked if there was consensus to approve the increase in ANP pay, the EC representative tried to protest but could not do so before Atmar called the decision final. End comment.

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